

Message Text

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44

ACTION NEA-09

INFO OCT-01 ISO-00 CIAE-00 COME-00 DODE-00 DOTE-00 EB-07

FMC-01 INR-07 NSAE-00 CG-00 OFA-01 DLOS-03 PM-03 H-02

L-02 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 AID-05

IGA-01 /072 W

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R 140820Z APR 75

FM AMEMBASSY DOHA

TO SECSTATE WASHDC 0368

INFO AMEMBASSY ABU DHABI

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY MANAMA

AMEMBASSY MUSCAT

C O N F I D E N T I A L DOHA 0451

E.O. 11652: GDS

TAGS: ETRD, EWWT, QA, SA, KU, BA, TC, MU

SUBJ: PROGRESS ON GULF STATES SHIPPING COMPANY

REF: ATHENS 7386 (10/9/74)

1. GOQ OFFICIAL HAS TOLD US THAT REPRESENTATIVES FROM SIX GULF STATES WILL MEET IN RIYADH APRIL 19 TO DISCUSS FORMATION OF GULF SHIPPING COMPANY. PROPOSED COMPANY WOULD INVOLVE PARTICIPATION OF BAHRAIN, KUWAIT, OMAN, QATAR, SAUDI ARABIA AND UAE. ACCORDING SOURCE, FEASIBILITY STUDY CONDUCTED BY ALCAN (CANADA) NOW COMPLETE AND PURPOSE OF RIYADH MEETING IS TO EVALUATE STUDY AND MAKE PRELIMINARY DECISION ON WHETHER OR NOT HV CARRY OUR PROJECT.

2. AS REPORTED REFTTEL, GOQ HAS HAD RESERVATIONS IN PAST ABOUT REGIONAL VENTURE OF THIS NATURE, AND ACCORDING SOURCE, THERE ARE ASPECTS OF PROPOSED COMPANY THAT CONTINUE TO BOTHER GOQ. SOURCE SAID GULF CARGO FLEET WOULD BE FORMED FROM NUCLEUS OF
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PRESENT KUWAITI FLEET; HOWEVER KUWAITI VESSELS IN SERVICE AT

PRESENT ARE CONVENTIONAL CARGO SHIPS OF OBSOLETE DESIGN AND ILL SUITED FOR GULF PORTS. ALSO, KUWAITIS ARE ALLEGEDLY COMING TO RIYADH MEETING WITH PROPOSAL FOR CAPITALIZATION OF REGIONAL VENTURE AT \$700 MILLION, TO BE PAID IN EQUAL SHARES BY SIX COUNTRIES. ACCORDING SOURCE, ONLY KUWAIT, SAUDI ARABIA AND QATAR HAVE SUFFICIENT RESERVES FOR EXPENDITURES OF THIS MAGNITUDE. EVEN SO, GOQ MAY BALK AT PUTTING UP 17 PERCENT OF THE CAPITAL WHEN QATARI FREIGHT IS LIKELY TO REPRESENT LESS THAN 10 PERCENT OF CARGO HANDLED.

3. EMBOFF ASKED IF ABOVE OBJECTIONS INDICATE IT LIKELY THAT GOQ WILL OPPOSE REGIONAL COMPANY AND OPT FOR NATIONAL SHIPPING LINE. SOURCE SAID THAT DESPITE POTENTIAL AREAS OF DISAGREEMENT, GOQ IS NOT IN POSITION FOR POLITICAL REASONS TO REJECT PLAN ON ITS OWN INITIATIVE, AND ADDED THAT INCREASING SAUDI INTEREST IN VENTURE WOULD MAKE IT ESPECIALLY DIFFICULT FOR GOQ TO HANG BACK ON PARTICIPATION. SOURCE ADDED THAT IF REGIONAL COMPANY IS NON-STARTER, GOQ WILL PROBABLY TAKE STEPS TO FORM NATIONAL LINE.

4. DURING FEBRUARY VISIT OF LYKES LINES REPS, GOQ EXPRESSED INTEREST IN POSSIBLE PURCHASE OR LEASE OF LYKES' SEA-BEES IF DECISION WAS MADE TO ESTABLISH NATIONAL COMPANY. IF REGIONAL VENTURE CARRIED OUT, IT MAY ALSO REPRESENT OPPORTUNITY FOR US LASH-TYPE SHIPS.
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